

Message Text

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ACTION NEA-10

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FM AMEMBASSY KUWAIT
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INFO AMEMBASSY ABU DHABI
AMEMBASSY BEIRUT
AMCONSUL DHAHRAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY TEHRAN
USINT BAGHDAD

UNCLAS KUWAIT 3577

DEPARTMENT ALSO FOR AID/SER/H AND AID/TA/STS

E.O. 11652: N/A

TAGS: EAID KU

SUBJECT: EMBASSY EVALUATION OF REIMBURSABLE TECHNICAL
ASSISTANCE PROGRAM WITH KUWAIT NATIONAL HOUSING
AUTHORITY

SUMMARY: EMBASSY BELIEVES IT TIMELY TO STEP BACK AND EVALUATE
REIMBURSABLE TECHNICAL ASSISTANCE PROGRAM BETWEEN AID AND
KUWAIT NATIONAL HOUSING AUTHORITY (NHA). ORIGINAL GOK REQUEST
FOR ASSISTANCE WAS RECEIVED SLIGHTLY OVER A YEAR AGO, AND
DURING PAST TWELVE MONTHS THROUGH AID, USG HAS PLAYED
IMPORTANT AND GENUINELY POSITIVE ROLE IN HELPING LAUNCH MAJOR
NEW HOUSING PROGRAM HERE WHICH IS OF CONSIDERABLE POLITICAL
IMPORTANCE TO GOK. NUMEROUS PROBLEMS EMERGED DURING THE
YEAR, HOWEVER, AND EMBASSY URGES OTHERS TO BENEFIT FROM
EXPERIENCE GAINED AS OTHER REIMBURSABLE TECHNICAL ASSISTANCE
AGREEMENTS ARE IMPLEMENTED IN THE REGION. END SUMMARY.

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1. JUST PRIOR TO LEGISLATIVE RECESS DURING SUMMER OF 1974, AN ELECTION YEAR FOR MEMBERS OF PARLIAMENT, KUWAIT NATIONAL ASSEMBLY, REFLECTING PRESSURE AT POPULAR LEVEL, AUTHORIZED GOK TO ESTABLISH A NEW NATIONAL HOUSING AUTHORITY. NEW AGENCY WAS GIVEN CONSIDERABLE FREEDOM AND AUTONOMY AS WELL AS INITIAL FUNDING OF AROUND \$750 MILLION. IT WAS, HOWEVER, EXPECTED TO "DO SOMETHING FAST" IN FIELD OF HOUSING WHICH IN KUWAIT, AS IN MOST COUNTRIES, IS AN IMPORTANT, HIGHLY POLITICIZED SUBJECT.

2. IN AUGUST GOK ASKED EMBASSY WHETHER USG COULD ASSIST, AND RATHER QUICKLY SENIOR AID HOUSING OFFICIALS WERE HERE FOR DISCUSSIONS WHICH LED TO AGREEMENT UNDER WHICH AID WOULD ASSIST NHA ON REIMBURSABLE BASIS. DURING PAST YEAR AID PROVIDED CRITICALLY IMPORTANT ASSISTANCE TO NHA. IN NOVEMBER AND DECEMBER GROUP OF FIVE EXPERTS FROM PRIVATE SECTOR LED BY SENIOR AID HOUSING OFFICE OFFICIAL CONDUCTED BASIC STUDY WHICH DEFINED ORGANIZATION AND HELPED IDENTIFY MAJOR PROGRAM OBJECTIVES OF NHA. AID ALSO ASSISTED NHA WITH A SECOND STUDY REGARDING THE SYSTEMS APPROACH TO HOUSING. STUDY WAS PREPARED BY PRIVATE FIRM ON CONTRACT TO AID. MOST IMPORTANLTY, AID WAS INSTRUMENTAL IN SELECTING TWO EXCELLENT PROFESSIONALS WHO ARE PRESENTLY HERE ON TWO YEAR ASSIGNMENTS. THE TWO AID CONTRACTORS HAVE, IN FACT, BECOME THE PRINCIPAL ADVISORS TO THE DIRECTOR OF THE NHA. IN SUM, THROUGH AID INVOLVEMENT, NHA WAS ABLE TO BENEFIT FROM TWO WELL DONE STUDIES AND FROM SERVICES OF TWO HIGHLY QUALIFIED PROFESSIONAL MEN.

3. IN MEANTIME, NHA, WHOSE DIRECTOR ABDULLA DAKHEEL AL-RASHEED IS ALSO UNDERSECRETARY OF NEWLY-FORMED MINISTRY OF HOUSING AND WHO IS HIGHLY REGARDED BY THOSE WORKING WITH HIM OR OTHERWISE INVOLVED WITH NHA, IS MOVING RAPIDLY FORWARD IN IMPLEMENTING WHAT BY NOW HAS BECOME BILLION-DOLLAR HOUSING PROGRAM. POLITICAL PRESSURE TO PRODUCE VISIBLE RESULTS REMAINS AS STRONG AS EVER. TIME HAS BECOME SINGLE MOST PRECIOUS COMMODITY AT NHA. SEVERAL EXPERTS, CONSULTANTS AND PRIVATE FIRMS WHOSE SERVICES WERE PURCHASED DIRECTLY AND NOT THROUGH AID ARE ASSISTING NHA, BUT DAKHEEL TOLD EMBOFF RECENTLY THAT HE DOES INTEND TO COMMISSION ADDITIONAL UNCLASSIFIED

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STUDIES THROUGH AID. HE ALSO EXPECTS EVENTUALLY TO REQUEST AID TO SELECT OTHER KEY ADVISORS FOR HIM. THUS, IT APPEARS THAT NHA-AID RELATIONSHIP WILL EXPAND IN FUTURE.

4. NEVERTHELESS, THERE HAVE BEEN SEVERAL UNHAPPY DEVELOPMENTS THAT HAVE OCCURRED DURING PAST YEAR THAT HAVE MARRED OTHERWISE SUCCESSFUL EFFORT BY AID. DAKHEEL WAS UPSET BY DELAY IN ARRIVAL OF RESIDENT CONTRACTORS. INEVITABLY HE HAS BEEN

BOTHERED BY SEEMINGLY ENDLESS STREAM OF BUREAUCRATIC AND ADMINISTRATIVE SNAGS THAT HAVE EMERGED SINCE CONTRACTORS ARRIVED IN KUWAIT. HE IS ANNOYED AT WHAT HE CONSIDERS TO BE UNNECESSARILY LONG TIME TO RECEIVE FINAL ACCOUNTING ON COMPLETED PROJECTS (RTA-1, RTA-3). HE BELIEVES A CAREFUL REVIEW OF PROCEDURES CAN RESULT IN REDUCED COSTS. AT BASIS OF HIS COMPLAINTS ARE TWO CONSIDERATIONS, VIZ., (A) HE IS PAYING THE COSTS AND (B) TIME IS CRITICAL; HE CANNOT AFFORD DELAYS, AND IF DELAYS OCCUR IF HE DEALS THROUGH AID, THEN VALUE OF AID IS REDUCED.

5. EMBASSY BELIEVES THAT IN RETROSPECT IT IS CLEAR THAT ONE REASON FOR AT LEAST SOME OF THE PROBLEMS ENCOUNTERED WAS SIMPLY THAT ALL OF US--AID, NHA AND EMBASSY--WERE INEXPERIENCED, AND OUR INEXPERIENCE HAS BEEN REFLECTED IN ADMINISTRATIVE PROBLEMS THAT HAVE ARisen. FOR EXAMPLE, ALTHOUGH DIPLOMATIC PRIVILEGES CANNOT BE GRANTED TO AID- PROVIDED CONTRACTORS, IT MAY BE POSSIBLE TO "COMPROMISE" BY ISSUING THEM OFFICIAL (RED) PASSPORTS WHICH WOULD MAKE IT EASIER FOR EMBASSY TO OVERCOME SOME LOCAL PROBLEMS. SIMILARLY, IT NOW IS EVIDENT THAT AN AID-EMBASSY SAS AGREEMENT IS ESSENTIAL AND CANNOT BE AVOIDED. CONSIDERATION SHOULD BE GIVEN TO PURCHASING FURNITURE AND/OR AUTOMOBILES LOCALLY THAT WOULD BE USED BY TWO OR MORE GENERATIONS OF CONTRACTORS. TO DO SO PROBABLY WOULD EVENTUALLY RESULT IN MANY THOUSANDS OF DOLLARS IN SAVINGS, NOT TO MENTION THE REDUCTION IN PSYCHOLOGICAL COSTS ON THE INDIVIDUAL CONTRACTORS THEMSELVES. POINT HERE IS SIMPLY THAT CAREFUL ANALYSIS SHOULD BE MADE OF WAYS TO IMPROVE AND SIMPLIFY ADMINISTRATIVE ARRANGEMENTS SO THAT EMBASSY, NHA AND CONTRACTORS THEMSELVES NEED NOT BE BURDENED BY SOME OF PROBLEMS THAT OCCURRED DURING PAST YEAR.

6. EMBASSY ALSO BELIEVES THAT WASHINGTON AGENCIES MUST NO UNCLASSIFIED

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LONGER ATTEMPT TO APPLY PROCEDURES DEVELOPED FOR MORE TRADITIONAL AID PROGRAMS TO REIMBURSABLE TECHNICAL ASSISTANCE. RESULT IS UNNECESSARY CONTRACTING, REPORTING AND OTHER PROCEDURES AND REQUIREMENTS WHICH CAN RESULT IN DELAYS OR OTHERWISE HINDER PROGRAM. FACT IS THAT LOCAL AGENCY IS PAYING, AND USG CANNOT DEAL WITH IT SAME WAY WE DO WITH THOSE FOREIGN GOVERNMENT PROGRAMS BEING FINANCED BY USG. IN SHORT, IF USG HOPES TO BE FULLY EFFECTIVE IT MUST BECOME MORE FLEXIBLE. REIMBURSABLE TECHNICAL ASSISTANCE IS, AFTER ALL, AN IMPORTANT DEVICE IN HELPING USG ACHIEVE POLITICAL AND COMMERCIAL POLICY OBJECTIVES IN AN AREA OF SPECIAL IMPORTANCE TO US. IT DESERVES ITS OWN PROPER PROCEDURES.

7. ON BALANCE WE THINK AID HAS DONE FINE JOB FOR NHA DURING PAST YEAR. WE THINK NHA AND SENIOR KUWAITI OFFICIALS

SHARE THIS OPINION. THEY HAVE EXPRESSED COMPLETE SATISFACTION
WITH STUDIES AND EXPERTS PROVIDED WITH AID'S ASSISTANCE.
BEST PROOF OF SATISFACTION IS STATED INTENT TO CONTINUE
AND EXPAND PROGRAM. HOWEVER, IT IS IMPORTANT THAT CONTRACTING
AND ADMINISTRATIVE PROCEDURES BE STREAMLINED AND IF POSSIBLE
COSTS REDUCED. EMBASSY AWARE THAT AID HAS BEGUN TO MEET THESE
REQUIREMENTS. AS NOTED ABOVE EMBASSY ITSELF SHOULD BE BETTER
ABLE TO PLAY ITS ROLE WITH EXPERIENCE GAINED IN PAST YEAR.

8. AS AID AND OTHER AGENCIES CONSIDER REIMBURSABLE
TECHNICAL ASSISTANCE PROGRAMS IN KUWAIT OR ELSEWHERE IN
REGION, PARTICULARLY WHERE BILATERAL COMMISSIONS DO NOT RPT
NOT EXIST, WE WOULD URGE THAT KUWAITI EXPERIENCE WITH NHA
BE STUDIED SO THAT WHATEVER ERRORS MAY HAVE BEEN MADE DURING
PAST YEAR CAN BE AVOIDED.

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